

Objection Deadline: November 10, 2011 at 4:00 p.m. (Eastern)  
Hearing Date and Time: December 6, 2011, at 10:00 a.m. (Eastern)

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re**

**LEHMAN BROTHERS HOLDINGS INC., *et al.*,**

**Debtors.**

**Chapter 11 Case No.**

**08-13555 (JMP)**

**(Jointly Administered)**

**RESPONSE AND RESERVATION OF RIGHTS OF ETHIAS SA WITH RESPECT TO  
NOTICE OF PROPOSED ASSUMPTION OF EXECUTORY CONTRACTS AND  
UNEXPIRED LEASES PURSUANT TO DEBTORS' THIRD AMENDED JOINT  
CHAPTER 11 PLAN PURSUANT TO SECTION 1121 OF THE BANKRUPTCY CODE**

Ethias SA submits this response and reservation of rights (the "Response") with respect to (i) the Plan Supplement [Docket No. 21254] (the "Plan Supplement"), filed on October 25, 2011, by Lehman Brothers Holdings Inc. and its affiliated debtors (collectively, the "Debtors") solely with respect to the proposed contract assumption, as described below, and (ii) the Notice of Proposed Assumption of Executory Contracts and Unexpired Leases Pursuant to Debtors' Third Amended Joint Chapter 11 Plan Pursuant to Section 1121 of the Bankruptcy Code, dated October 27, 2011, with respect to Granite Series 2005-10, as "Counterparty" thereunder (the "Notice"), and in support of the Response, respectfully represents as follows:

**Response**

1. Granite Finance Limited has authorized and issued its Series 2005-10 EUR 20,000,000 Credit Linked MTM Trigger Leveraged Synthetic Portfolio Notes due 2015

(ISIN: XS0224217199) (the “Issuance”). With respect to the Issuance, Granite Finance Limited (the “Issuer”) and Lehman Brothers Special Financing Inc. (“LBSF”) are parties to that certain ISDA Master Agreement dated as of July 28, 2005 (the “Master Agreement”), as amended and supplemented, if applicable, by (a) a schedule (the “Schedule”), and (b) a credit support annex to the Schedule (the “Credit Support Annex,” and collectively with the Master Agreement and the Schedule, the “ISDA Agreement”).

2. According to Exhibit A of the Notice, the Debtors propose to assume an unidentified agreement between LBSF and Granite Series 2005-10, as “Counterparty” thereunder.

3. Ethias SA, as sole noteholder of the Issuance, has been engaged in ongoing settlement discussions with LBSF representatives and the Issuer with respect to the ISDA Agreement and related swap transactions. Accordingly, to the extent that the Debtors propose to assume the ISDA Agreement and/or other contracts in connection with the ISDA Agreement (collectively, the “Contracts”), Ethias SA objects to the proposed assumption of such Contracts pending (a) the successful conclusion of the ongoing settlement discussions regarding the Contracts, or (b) the adjudication or final determination by this Court regarding all matters related to the Contracts.

#### **Reservation of Rights**

4. Ethias SA reserves all rights, claims, defenses, and remedies in connection with the proposed assumption of the Contracts, including, without limitation, the right to amend, modify or supplement this Response, dispute the treatment of the Contracts as executory contracts, seek discovery, seek full cure and compensation pursuant to Section 365 of the Bankruptcy Code, and otherwise raise any additional objections on any and all grounds.

**Relief Requested**

WHEREFORE, Ethias SA respectfully requests that the Court (i) adjourn any hearing to approve the assumption of the Contracts until such time as the disposition of the Contracts is resolved, and (ii) grant Ethias SA such other relief as is just and proper.

Dated: New York, New York  
November 10, 2011

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